Submission to Senate Economics Legislation Committee: Superannuation Reform package

16 November 2016

AIST Submission

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AIST

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.

As the principal advocate and peak representative body for the $700 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.

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aist

1 Executive summary

In brief:

This package of bills contain tax measures proposed in the 2016 Federal Budget. AIST generally supports these measures, noting some practical difficulties to implementation. In this submission, AIST encourages prompt passing of the bills to ensure that sufficient time is given to enable implementation by 1 July 2017.

AIST is generally supportive of the superannuation reform package, and encourages the Senate to expedite its passage. Many of the measures require complex, time-consuming and resource intensive implementation.

Passage of the measures before parliament rises on 1 December 2016 will make implementation by 1 July 2017 much more achievable than if the measures are still before the Senate when sittings resume in 2017.

If the legislation fails to pass this year, superannuation funds will find it extremely difficult, if not impossible, and even more expensive to implement by 1 July 2017. We urge the Committee to recognise the time criticality of these measures as an important element in your consideration.

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2 Summary of recommendations

The chapter numbers below are the same as those in the Explanatory Memorandum to the bills.

Chapter	Measure	AIST position	Primary issues to be addressed
1	Superannuation reform package	Generally support	Explained in more detail below
3	Transfer Balance Cap	Support	• Implementation time • Indexation method • Defined benefit issues
4	Concessional contributions	Oppose re 50 yo+	• Transitional arrangements
5	Non-concessional contributions	Support	• Implementation time • Indexation method
6	Low Income Superannuation Tax Offset	Strongly support	• Transitional arrangements
7	Deducting personal contributions	Strongly support	• Defined benefit issues
8	Unused concessional cap carry forward	Strongly support	No major issues
9	Tax offsets for spouse contributions	Support	No major issues
10	Innovative income streams and integrity	Support	No major issues
11	Anti-detriment provisions	Neutral	• Possible unforeseen consequences
12	Administration and consequential amendments	Support	• Payment requirements

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3 Comments in detail

3.1 Chapter 3 – Transfer Balance Cap

AIST does not oppose this measure. Having stated that, there are significant structural, transitional and implementation issues that have to be addressed in order for the measures contained in the Bill, to achieve its policy objective.

While the Government has emphasised that very few people will be impacted by this measure, processes, business rules and system changes need to be made by all superannuation funds. This an expensive and time-consuming process, and means that the costs will be borne by all superannuation fund members, and not just the few who are directly impacted by the measures. Clarity and certainty must be provided by the legislative framework, and the comments made by AIST in this submission are aimed at achieving this.

3.1.1 Insufficient time for implementation

Superannuation funds are unlikely to be able to fully implement this measure by 1 July 2017 if the establishing legislation and regulation has *not* passed both houses of parliament by the end of 2016. The basis for this comment is set out below.

Most superannuation funds (regardless of whether they have insourced or outsourced administration) require at least an initial month or two to analyse, assess and scope the operational, process and system changes needed. It is noted that many superannuation funds and administrators operate on more than one administration platform, and that changes will need to be made to each.

Most superannuation funds and administrators make major changes to their systems on the basis of one to four release cycles each year. The specific business requirements for each release need to be settled four to six months ahead of the release date, in order that system analysis and testing can be undertaken. Minor changes can be made through patches, but these legislative changes do not fall into that category.

This change program requires support from software providers and vendors, who will not generally commit to the development work required until there is certainty about the legislative change requirements.

3.1.2 Cost of implementation

Extrapolating from information provided by AIST members, it is estimated that the system changes required to give effect to changes emanating from the 2016 Federal Budget will cost in the order

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of $60 million, with other costs of around $30 million; a total implementation cost of around $90 million. By far the largest part of this spend will be on implementing the transfer balance cap, with managing proportions being the most difficult element.

If the implementation timeline is contracted as a result of legislative delay, the cost implications are likely to be significantly greater, with the cost naturally being greater the longer the delay.

3.1.3 Reporting to and from the ATO

Successful implementation also requires the upgrading of reporting to and from the ATO, and obligation to report more frequently. This is being undertaken as part of the ATO's Member information eXchange project (MiX), with the ATO requiring labels of *amount transferred to pension* and *amount rolled out of pension phase* for this measure.

For pensions being rolled out, the ATO can obtain the amount from the individual's PAYG record for that financial year, while amounts being transferred in to pensions could be reported when a pension account is opened in the MiX Service.

While the ATO is undertaking design-level consultations with the superannuation industry, this consultation should be extended to ensure that the implementation of MiX has regard to the policy and practical requirements of the transfer balance cap and the removal of the work test for personal superannuation deduction eligibility.

3.1.3.1 Absence of Tax File Numbers (TFNs)

We note that since 1 July 2007, there has been no requirement to collect TFNs for members in retirement income streams, due to the removal of taxation of payments after age 65. We question how the collection of existing retirement income stream balances as at 1 July 2017 will be completed by the ATO without this information. Even if Royal Assent was given in the next couple of months, there is no guarantee that retirees are going to provide their TFNs to their funds in time.

In addition to this, TFNs will now also need to be collected for all new retirement income streams, as well as new and existing reversionary arrangements, family law splits, death benefit income streams and a variety of others. Ideally, super funds should be able to collect TFNs immediately.

3.1.4 Intention of this measure

We note and welcome the intended purpose of this measure to limit access to the earnings tax exemption contained in the retirement phase of superannuation.

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The Transfer Balance Cap is designed to perform this function by limiting the amount that people can transfer into the retirement phase of superannuation to $1.6 million from 1 July 2017. It is also, as announced jointly by the Treasurer and Minister for Revenue and Financial Services on 15 September 2016, entwined with a ceiling balance ("total superannuation balance") across a taxpayer's total superannuation holdings beyond which no further non-concessional contributions would be allowed. This is discussed further in chapters 5 and 8 of the EM.

There is no reference in this chapter to Transition To Retirement (TTR) arrangements, which also presently enjoy an exemption on earnings tax, due to end on 30 June 2017. However, this appears to be clarified by commentary contained in chapter 10 of the EM:

> *10.37 A superannuation income stream will not be in the retirement phase if it is a TRIS, a TRIP, a non-commutable allocated annuity or a non-commutable allocated pension.*

3.1.5 The Transfer Balance Account

We note that credits to this account, are to be triggered by transfers into income streams in the retirement phase, whereas the definition of payments that will trigger debits to the account includes commutations.

This creates interesting product implications for superannuation providers, where it may no longer be in the interests of their members to allow income payments in excess of required minimum drawdown percentages. For example:

Example

It is July 2019 and Alex is a retiree who is 68 years of age and is drawing her minimum 5% from her account-based pension with Boone Industries Staff Super Fund. After a review of her expenses, she decides that she will need an additional 2% drawn down.

Boone Industries Staff Super Fund facilitates her requested increase as follows:

- No change to Alex minimum drawdown of 5%; and
- A regular series of commutations amounting to 2% p.a. of Alex' account balance.

These payments are paid together. The regular commutations of 2% p.a. debit Alex' transfer balance account correspondingly.

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3.1.6 Allowances for children receiving death benefits as income streams

AIST supports allowances for children who receive death benefits in the form of an income stream, to ensure that their ability to commence income streams unhindered by previous transfer balance accounts when they retire. We note however that where death benefit income streams are commenced in excess of the transfer balance account, the excess amounts must be paid as lump sums and removed from the superannuation system.

Importantly, trustee discretion may apply in determining whether a dependent is paid an income stream or a lump sum. We therefore query the wisdom of directing trustees to pay amounts as lump sums where they had previously determined it is in the best interests of beneficiaries to be paid by way of an income stream.

3.1.7 Indexation of the personal transfer balance cap

Paragraph 3.45 of the EM states the intentions behind the method used for indexing the unused part of an individual's personal transfer balance cap. However, the first sentence of the paragraph clearly states the intention to hold the proportions which are used and unused constant, which is inconsistent with the method used.

The prescribed method has the effect of inflating the unused proportion compared to the used portion. This is best explained in an example (below):

Example

In July 2017, Charlie transfers $800,000 of his superannuation into a new retirement income stream, using half his transfer balance cap. Assuming he makes no lump sum commutations or further credits to his transfer balance account, as well as CPI increases of 2.5% p.a., the proportion unused increases over the next few years, relative to Charlie's used portion:

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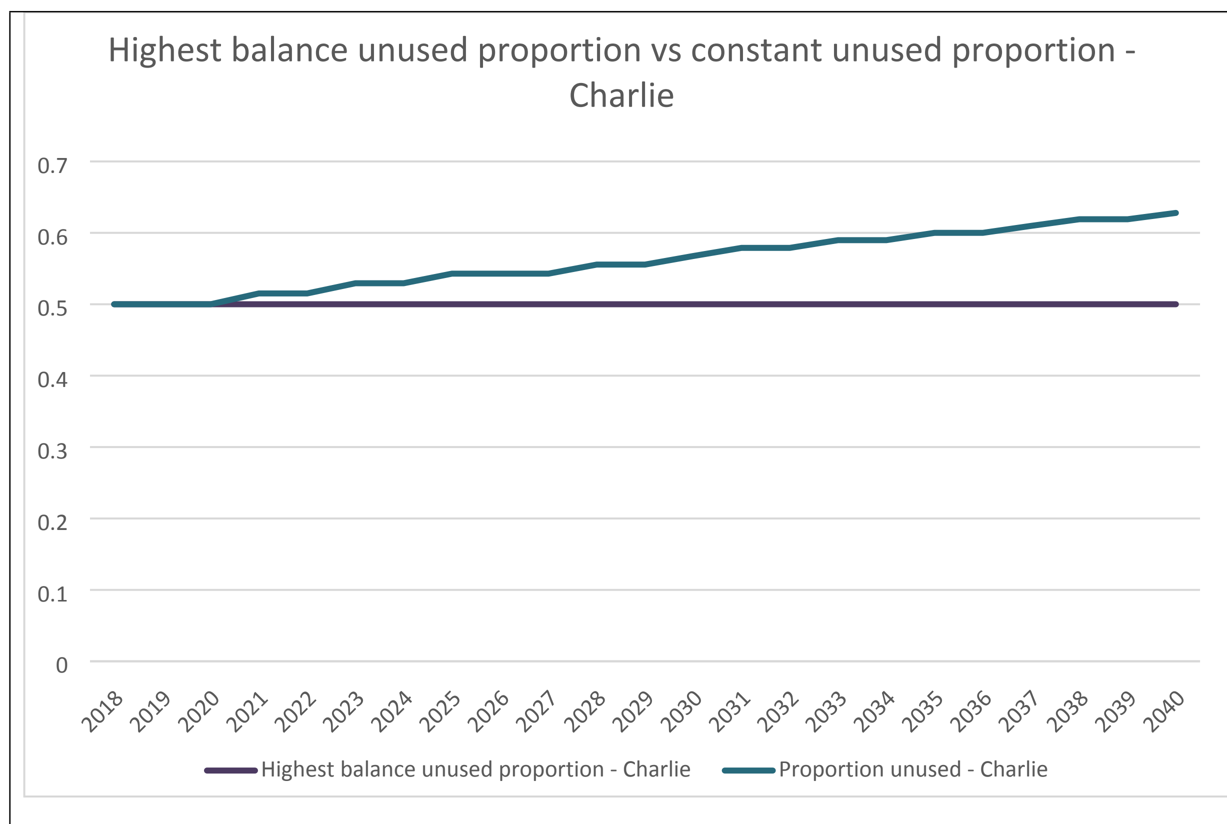

In addition to the inconsistency explained above, we believe that the method prescribed by the Bill is unnecessarily complicated.

A far simpler method for calculating the balance one's unused proportion would be to use a straightforward proportioning of the ordinary transfer balance cap. This would need to be coupled with a corresponding indexation of one's transfer balance account in line with the ordinary transfer balance cap. It would do away with the need for individual transfer balance caps and be consistent with the notion of proportioning as described in paragraph 3.45. Although this has the disadvantage that the method contained in the Bill limits indexation to the highest balance unused proportion we believe that making debits to a linked account (conceptually similar to an offset account) which is not indexed would resolve this.

But most importantly, it would replicate the calculation of the unused proportion as proposed in the Bill. We have illustrated with the examples below:

Example

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In July 2017, Desmond commences a retirement income stream with $800,000. His transfer balance account is credited with $800,000, leaving an unused proportion of $800,000.

In July 2027, the transfer balance cap has been indexed to $2,000,000. Indexation of Desmond's transfer balance account has therefore increased to $1,000,000, leaving an unused proportion of $1,000,000. Desmond makes a lump sum commutation of $500,000.

Desmond's transfer balance account remains unchanged at $1,000,000, however his commutations account balance would be debited by $500,000, leaving him with an available total of $1,500,000 for investment in retirement income streams.

In July 2030, the transfer balance cap increases again to $2,200,000. Desmond's transfer balance account balance of $1,100,000, together with the offsetting debit balance in his commutations account of $500,000 would result in $1,600,000 available for investment in retirement income streams.

Example

Also in July 2017, Eloise commences a retirement income stream with $1,600,000. Her transfer balance account is similarly credited with $1,600,000 equal to the transfer balance cap.

With the transfer balance cap indexed to $2,000,000 in July 2027, indexation of Eloise's transfer balance account has therefore also increased to $2,000,000. Eloise also makes a lump sum commutation of $500,000.

Eloise's transfer balance account would also remain unchanged at $2,000,000, and her commutations account balance would be debited by $500,000, leaving her with an overall available total of $500,000 for investment in retirement income streams.

In July 2030, the transfer balance cap increases again to $2,200,000. Eloise's transfer balance account balance of $2,200,000 would not allow for additional retirement income streams to be purchased on their own, however, the offsetting debit balance in her commutations account of $500,000 would still be available for investment in retirement income streams, should she have the resources to do this.

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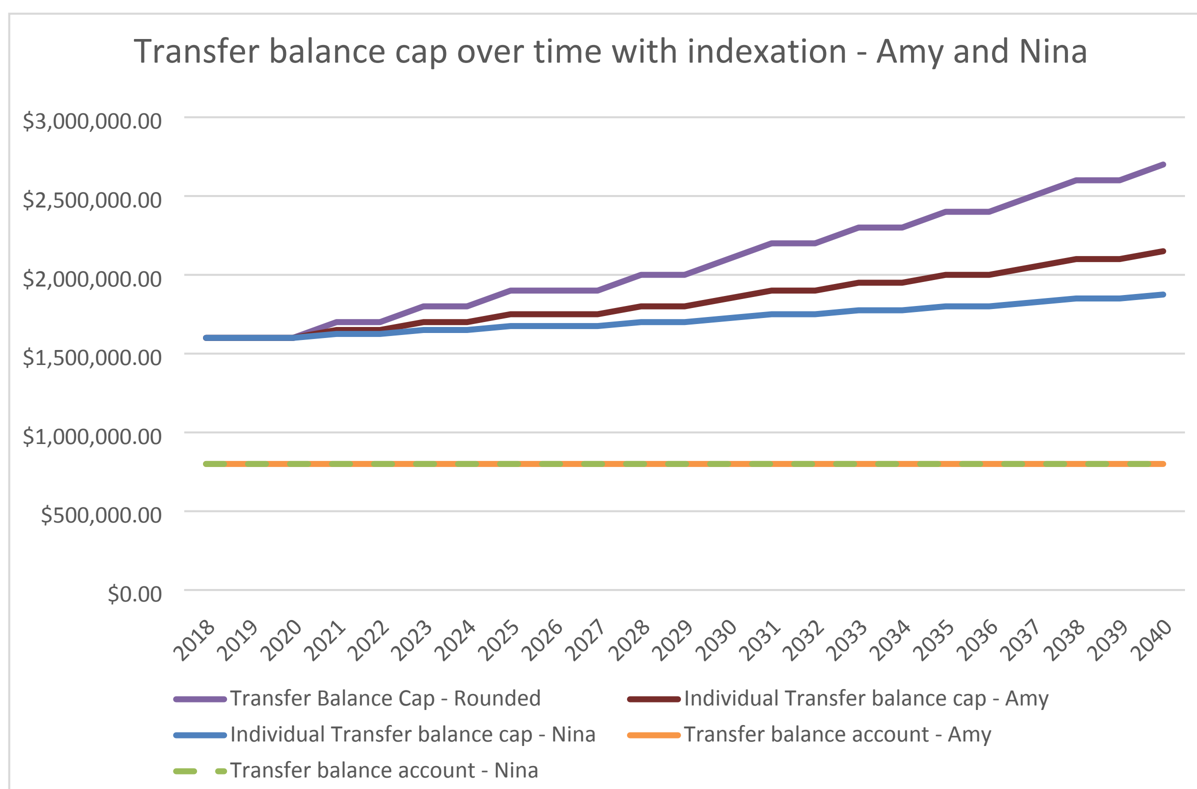
3.1.8 Penalties for errors

The EM contrasts the situations of Amy and Nina (in Examples 3.3 and 3.4), who, by a very minor series of events end up in a largely similar situation where they have a net investment of $800,000 in retirement income streams. However, Nina is punished for the error of over-investing in retirement savings products relative to Amy.

If we place Amy and Nina on an equal footing where both of them have $1.2 million in superannuation, it can be seen that there are adverse implications if Amy only purchases a retirement income stream for $800,000, whereas Nina purchases one for $1.2 million, with a subsequent commutation of $400,000 (we can assume that Amy has made an equivalent lump sum withdrawal of $400,000 from her super account in the accumulation phase):



As can be seen, assuming indexation of 2.5% p.a., we can see that even though Amy and Nina's transfer balance account remains identical into the future, Nina is punished for her mistake of moving all her super into a retirement income stream relative to Amy. This is inequitable and allowance should be made for this.

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3.1.9 Modifications for reversionary arrangements

The EM makes it clear that regardless of the transfer balance account balance of the primary income stream recipient, the cap used for reversionary arrangements is that of the reversionary beneficiary. This raises some interesting questions, particularly if the primary pensioner had used only a very small proportion of their transfer balance cap.

We welcome the provision of 12 months for the beneficiary to adjust their affairs as outlined in paragraph 3.80.

3.1.10 Notional earnings on excess transfer balance breaches

We note that the notional earnings is charged at the same rate as the general interest charge as specified at section 8AAD of the *Taxation Administration Act 1953*. The purpose of the general interest charge is to compensate for late payments of tax, superannuation guarantee contributions and other amounts.

In this case, the general interest charge is being used as a proxy for interest in order to calculate a tax liability, rather than penalise a late payment. We believe that this is both an inappropriate use of the general interest charge as well as being unnecessarily punitive, and that a better rate for the calculation of this would be one that more realistically substituted for investment earnings.

We also note that with current reporting, it could take up to 90 days for a fund to report to the ATO amounts that will credit a member's transfer balance account. The ATO will then need to issue a determination within 14 days. If the general interest charge is compounding daily for a full 90 days, the member could potentially be up for a considerable amount of money as a result of this delay. Again, we would recommend a more realistic proxy for fund earnings.

3.1.11 Defined benefit issues

The proposed solution for defined benefit members where the equivalent income stream for the purposes of the Transfer Balance Cap is one-sixteenth. Firstly, we note that this factor does not take into account the age of the income stream recipient. To explain this better, due to the reduced life expectancy, the present value of an income stream of $100,000 for a recipient aged 65 is going to be higher than that for a recipient aged 70. A variety of funds incorporate commutation values into their defined benefit multiples which take this difference into account, yet this proposed formula does not consider a recipient's age.

In addition, a variety of different features built into defined benefits can have a substantial impact on valuations used by funds. These features can include different methods of indexation,

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alternate reversionary arrangements and guaranteed periods. We believe the difference that these features can make is worthy of being included in the valuation rules for the purposes of tax.

We consider that any differences in taxation need to be undertaken with extreme care, as this could drive member decisions at retirement. As can be seen above, if a member wishing to avoid tax took a reduced pension at age 65, rather than a larger one at age 70, it is possible that they may be compromising their standard of living in retirement as a response to potential taxation. This would be an issue, if such a decision was not in their interests.

We note that concerns regarding defined benefits will be raised in considerably deeper detail by AIST's member funds in their submissions.

3.2 Chapter 4 – Concessional superannuation contributions

AIST does not support the reduction in contribution caps to $25,000 per year from 1 July 2017, and is especially opposed to the reduction of the current $35,000 cap for individuals aged over 50 years of age.

AIST continues to assert that the transitional arrangements for this measure are flawed in that they (in combination with the catch up concessional contributions measure) specifically disadvantage a particular age cohort. That is, employed individuals who will be aged over 50 years as at 1 July 2016.

A justification given for the change to the concessional caps is that they are poorly targeted. However, the gap in time between the reduction on concessional caps and the introduction of catch up provisions for concessional contributions mean that there is a consequential gap in the measures available to assist individuals with low superannuation balances at the very time they are most likely to take action to redress this superannuation shortfall.

It is noted that the Government has also announced the deferral of the proposed catch up measure until 1 July 2018, meaning the first catch up will not be available until the 2019/2020 financial year. As a consequence, people in their fifties who were looking to increase their low account balances have reduced capacity to do so, especially over the 2017/2018 and 2018/2019 financial years.

AIST continues to assert that this requires a transitional policy response from the Government. AIST proposes that individuals aged over 50 years of age as at Budget night 2016 be able to make concessional contributions of $35,000 per year.

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The implementation of reduced concessional contribution caps involves relatively low system, process and compliance costs, and can be implemented relatively quickly. However, the lower caps are likely to result in superannuation funds receiving a greater number of pre-tax contributions that exceed the cap.

This may be ameliorated to an extent by the speedy and efficient implementation of the MiX project, so that superannuation fund members receive accurate and update information on MyGov about all of the concessional and non-concessional contributions they have made.

3.3 Chapter 5 – Non-concessional contributions

AIST does not oppose the introduction of a lower annual non-concessional contributions cap. We note that, other in relation to the account balance cap, its operation (and the carry-forward mechanism) is similar to the existing non-concessional cap.

Furthermore, this measure and its implementation is much simpler than the initial Budget proposal for a $500,000 lifetime non-concessional; contributions cap. In particular, unlike the previous proposal the operation of this measure from 1 July 2017 does not require changes to or additional reporting back to 1 July 2007.

The account balance cap on non-concessional contributions, however, is a new policy initiative that was announced by the Treasurer in his media release of 15 September 2016. It will have the effect of further limiting the amount of non-concessional contributions that can be made by an individual over their lifetime.

The level of administrative changes necessary to give effect to this measure is relatively low. However, a reasonable lead time is still required for implementation. For this particular measure, changes or supplements to Product Disclosure Statements, revised letters and other changes to fund documentation and communications to super fund members are required.

While these changes can be drafted over 4-6 week period, the approval and compliance process associated with them will take between 4-6 months, and will depend on the schedule for Board meetings and Board sub-committees. This means that the change and approval process for a PDS scheduled for release on 1 July 2017 should commence prior to Christmas 2016. This process cannot commence until there is certainty about the nature of the change.

3.3.1 Relationship between the general transfer balance cap and contributions caps

It is noted that the general transfer balance cap is to be indexed in $100,000 increments in line with the Consumer Price Index. This is a different indexation method to the average weekly

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ordinary time earnings (AWOTE) indexation for the for the annual concessional contributions cap (and hence the annual non-concessional contributions cap tied to it).

This will result in the relationship between the general transfer balance cap and the contributions cap changing over time. Given that the rate of change in AWOTE tends to be historically higher than that of CPI, one consequence of this is that there will be reducing capacity for individuals to use the carry-forward mechanism over time.

This is demonstrated in the following table.

Financial year ending	Concessional contributions cap ($)	Non-concessional contributions cap ($)	Transfer balance cap ($)	Transfer balance cap minus NCC Cap ($)	Transfer balance cap minus 2x NCC Cap ($)
2018	25,000	100,000	1,600,000	1,500,000	1,400,000
2019	25,000	100,000	1,600,000	1,500,000	1,400,000
2020	25,000	100,000	1,600,000	1,500,000	1,400,000
2021	27,500	110,000	1,700,000	1,590,000	1,480,000
2022	27,500	110,000	1,700,000	1,590,000	1,480,000
2023	27,500	110,000	1,800,000	1,690,000	1,580,000
2024	30,000	120,000	1,800,000	1,680,000	1,560,000
2025	30,000	120,000	1,900,000	1,780,000	1,660,000
2026	32,500	130,000	1,900,000	1,770,000	1,640,000
2027	32,500	130,000	1,900,000	1,770,000	1,640,000
2028	35,000	140,000	2,000,000	1,860,000	1,720,000

Assumes CPI indexation of 2.5% and AWOTE indexation of 3.5%.

As can be seen above, even though the transfer balance cap remains unchanged, a change in contribution caps between 2023 and 2024 financial years would result in a reduction of the amount set by transfer balance cap less any multiple of the non-concessional contribution cap.

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Consequently, the ability for members near the transfer balance cap to bring forward non-concessional contributions is similarly reduced.

AIST recommends that the general transfer balance cap be indexed by AWOTE rather than CPI.

3.3.2 Relationship between the general transfer balance cap and the total superannuation balance for defined benefit members

The Bill sets the valuation of defined benefit interests for the general transfer balance cap at a value of 16. In contrast, the valuation of these interests for total superannuation balance is set according to the age based factor in schedule 1B of the *Income Tax Assessment Regulations 1997*.

In order to avoid confusion and the possibility of distorted decision-making as a result of these different valuation methods, it is recommended that the valuation methods be aligned. Alignment could be achieved by using actuarially determined commutation factors for both the general transfer balance cap and the total superannuation balance for defined benefit members.

3.4 Chapter 6 – Low income superannuation tax offset

AIST supports this measure, as structured in the Bill. In so doing, we welcome the change in the configuration of this measure from a tax-offset mechanism to a contribution payment mechanism.

As a consequence, the transition from the low income superannuation contribution (LISC) to the low income superannuation tax offset (LISTO) will be more straightforward for superannuation funds to administer.

However, in order to avoid creating any unnecessary administration arrangements, AIST recommends the addition of a transitional mechanism. That is, in circumstances where a superannuation fund receives a LISC payment after 1 July 2017, that fund should be able to treat that payment as if it were a LISTO payment. The transitional rules should clarify that the rules for the treatment of a LISC payment relating to a period prior to 1 July 2017 are interchangeable with those for a LISTO payment from 1 July 2017.

Clarification along these lines will ensure that there is no need to change the SuperStream taxonomy or data standard, no need for system rebuild, and will provide superannuation funds with confidence and certainty about the introduction of the LISTO.

We note that, unlike other measures, the Explanatory Memorandum does not include a 'Comparison of key features of new law and current law'. AIST recommends that such a comparison table be included in the Explanatory Memorandum for this measure.

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3.5 Chapter 7 – Deducting personal contributions

AIST supports the removal of the requirement that an individual must earn less than 10% of their income from their employment related activities for them to be able to claim a deductible personal superannuation contribution.

AIST supported the further consultation proposed with defined benefit funds in paragraph 2.17 of the draft Explanatory Material circulated during Treasury consultation (no equivalent in Explanatory Memorandum to the bills). We believe that ongoing consultation with defined benefit fund stakeholders is appropriate and that the Committee should recommend this.

AIST welcomes the proposed exemption for defined benefit schemes from having to accept personal deductible contributions from all members because there are likely to be circumstances where it is either impractical or inequitable to offer all defined benefit members the option of making tax deductible personal contributions.

Many defined benefit funds already offer an option to members to salary sacrifice provided that members contribute at a higher rate to cover the additional contributions tax. Most hybrid defined benefit schemes also allow members to deduct personal contributions provided that those members have sufficient monies in their associated accumulation accounts to cover any additional tax burden.

Currently, defined benefit schemes only have to accept personal deductible contributions if their benefit design and governing rules allow for it. AIST would like to see a continuation of a voluntary compliance regime. To that end, we welcome the proposal in the Bill to prescribe certain funds or types of funds in the regulations. We would also, however, like to see additional flexibility that would allow funds to be exempt from having to accept personal deductible contributions and avoid having to restructure their rules and benefits to allow all members to make tax deductible personal contributions.

We suggest consideration should be given to an additional exemption in ITAA 97 itself at section 290-155(1) as follows:

> *(d) a scheme in which you have a *defined benefit interest and the trustee is unable to accept such contributions in respect to a class of members based on the scheme's rules and benefit calculations in accordance with its governing rules.*

We believe that this additional exemption would offer defined benefit schemes more flexibility to reject personal deductible contributions where the scheme rules do not currently allow for them,

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while allowing for future scheme enhancements (for example, additional top-up contributions or using accumulation monies to pay the additional tax) to facilitate these measures.

3.6 Chapter 8 – Unused concessional cap carry-forward

AIST supports the proposed methodology for the determination about whether or not an individual has a total account balance of less than $500,000. That is, that a total balance of less than $500,000 in one financial year is a threshold determinant for making additional concessional contributions in the next year.

3.7 Chapter 9 – Tax offsets for spouse contributions

AIST supports this measure. We note that the arrangements in the Bill to raise the maximum spouse income eligibility for this measure are consistent with the announcement in the 2016 Budget.

Notwithstanding the Treasurer's announcement of 15 September changing certain aspects of the Budget reform package, AIST submits that the consequential amendments addressed in paragraphs 9.13 – 9.16 of the Explanatory Memorandum are still necessary and appropriate.

3.8 Chapter 10 – Innovative income streams and integrity

AIST supports measures to encourage innovative retirement income products. The Bill amends the *Income Tax Assessment Act 1997* so that only income streams that are in the retirement phase are able to benefit from the earnings tax exemption, noting that regulations are to be drafted in order to define deferred income streams as being in the "retirement phase". AIST notes the equivalence as described at paragraph 10.31 where the deferred income stream qualifies for the exemption from retirement, terminal medical condition, permanent incapacity or age 65 as a reasonable compromise.

3.9 Chapter 11 – Anti-detriment provisions

The anti-detriment provisions were introduced in 1988 in order to ensure that dependents in receipt of superannuation monies after the death of a member were not adversely affected by taxation of superannuation. These are an important part of the superannuation system, and were designed to ensure that spouses and dependent children were entitled to a refund of taxation.

Although we support the intended benefits of anti-detriment payments, AIST accepts that this was an optional transitional feature which was inconsistently applied by super funds, and was often misunderstood by members and their financial advisers.

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We note that there may be unintended consequences from the removal of this feature. Since the Simpler Super reforms in 2007, re-contribution strategies have been a well-documented way of partly reducing the tax payable on death benefits payable to children. The absence of anti-detriment payments may potentially be an incentive to utilise these strategies more.

3.10 Chapter 12 – Administration and consequential amendments

AIST supports the provisions aimed at streamlining the administration of the Division 293 tax regime. The changes to end benefits will mean that members who receive end benefits from defined benefit funds will no longer need to notify the ATO that they have received a payment from their funds, making things simpler for taxpayers.

In addition, we welcome the changes set out in Part 2 of Schedule 10, which will allow the ATO to combine assessments into the one notice. This will reduce the confusion from taxpayers who were subject to both a Division 293 assessment and an excess contributions tax assessment which would arrive separately. We additionally welcome the room provided to ensure that other income tax assessment notices can be included. This will provide certainty and simplicity to taxpayers.

AIST welcomes the proposed change to release authorities for Division 293 taxation, for the Commissioner of Taxation to be able to provide a release authority to a super fund without an election from the relevant taxpayer in specified additional circumstances.

AIST also supports the standardisation of the period that payment must be provided to the Commissioner after issue of the release authority. While AIST wold prefer this period to be 21 days rather than the proposed 10 days (noting that this was increased from 7 days in the Treasury exposure draft consultation), super funds will not generally have a problem meeting the 10 day requirement.

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